

## Message Text

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BEIRUT FOR RTDO

E.O. 11652: N/A

TAGS: BMEP, ENRG, EIND, ETRN: KU

SUBJ: KNPC EXPANSION PROGRAM

REF: A) KUWAIT 4200 B) KUWAIT 3957 :) KUWAIT 1800 (ALL 1973)

SUMMARY: KUWAIT NATIONAL PETROLEUM COMPANY (KNPC) MOVING FORWARD WITH PLANS FOR LARGE NEW REFINERY. AT SAME TIME PROJECTS TO IMPROVE AND EXPAND EXISTING REFINERY AND TO PURCHASE 13 PRODUCT CARRIERS ALSO BEING REVIEWED. MEANWHILE, COMPANY EXPERIENCING TREMENDOUS INCREASE IN PROFITS IN WAKE OF STRONG DEMAND FOR REFINED PRODUCTS AT HIGH PRICES. IMPORTANT MANAGEMENT CHANGES ALSO UNDERWAY. END SUMMARY.

1. KNPC VIGOROUSLY MOVING FORWARD WITH PLANS TO EXPAND ITS OPERATIONS (SEE REFTELS). MOST IMPORTANT NEW PROJECT WILL BE LARGE NEW REFINERY, PROBABLY 300 - 400,000 BARRELS PER DAY CAPACITY, WHICH COULD COST AS MUCH AS \$500 MILLION. ALTHOUGH NO FORMAL ACTION HAS BEEN TAKEN, WE UNDERSTAND COMPANY HAS MADE COMMITMENT TO GO FORWARD WITH THIS PROJECT. RECENTLY  
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FLUOR OFFERED SUGGESTIONS REGARDING REFINERY, AND WE

UNDERSTAND EVENTUALLY PROCON AND POSSIBLY BECHTEL MAY BE INVITED TO SUBMIT PROPOSALS.

2. AS DEPARTMENT AWARE CONTRACT FOR DEBOTTLENECKING PROJECT WENT TWO ITALIAN/SPANISH GROUP LEAD BY SNAM-PROGETTI WHICH NOW BEGINNING WORK ON PROJECT. IN ADDITION KNPC HAS COMMISSIONED \$140,000 STUDY FROM BECHTEL REGARDING DESULFURIZATION/CRACKING QUESTIONS WHICH REFINERY MANAGER BELIEVES WILL LIKELY LEAD TO ORDER FOR SECOND H-OIL UNIT. DECISION PROBABLY WILL TAKE PLACE DURING SUMMER 74 AFTER BECHTEL STUDY HAS BEEN COMPLETED.

3. KNPC HAS BEGUN BUDGETING IN CONNECTION WITH PLANS TO PURCHASE 13 PRODUCT CARRIERS AT AN ESTIMATED COST OF \$260 MILLION. COMPANY ORDERING SIX-70,000 TON VESSELS AND SEVEN-15 - 20,000 TON SHIPS. KNPC WILL OWN AND OPERATE ITS OWN TANKER FLEET.

4. ALONG WITH THESE PROJECTS COMPANY IS MAKING VARIOUS PERSONNEL CHANGES. KHALAF AL-KHALAF, US EDUCATED KUWAITI ENGINEER WILL BECOME DEPUTY MANAGING DIRECTOR - REFINERY. HE WILL TAKE PLACE OF ALI RADHWAN WHO WILL BECOME DEPUTY MANAGING DIRECTOR - PROJECTS. BOTH MEN ARE HIGHLY REGARDED, AND RADHWAN WILL BE KEY FIGURE IN KNPC ORGANIZATION IN CONNECTION WITH NEW REFINERY AND TANKER PROJECTS. MAX BRAWLEY, AMERICAN REFINERY MANAGER WILL DEVOTE MOST OF HIS TIME NOW TO NEW REFINERY AND JAAFAR HIMIERI, AN IRAQI, WILL BECOME MANAGER OF EXISTING REFINERY.

5. COMMENT: PROJECTS DESCRIBED ABOVE WILL COST SOMEWHERE BETWEEN \$750 MILLION AND \$1 BILLION. COMPANY FEELS THAT IT READY TO EXPAND ITS OPERATIONS. ESTIMATED 1973 PROFITS ARE KD2 MILLION. MOREOVER, IMMEDIATE PROSPECTS ARE VERY BRIGHT FOR CONTINUED PROFITABLE PERFORMANCE OF COMPANY. IN GENERAL, KNPC VERY INTERESTED IN DEALING WITH US COMPANIES AND MOST POLITICAL PROBLEMS NOTED REF B NOW APPEAR TO HAVE BEEN OVERCOME.

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## Message Attributes

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**Capture Date:** 01 JAN 1994  
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